



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
HICKMAN COUNTY SHERIFF**

Calendar Year 2000

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY
AUDIT EXAMINATION OF THE
HICKMAN COUNTY SHERIFF

Calendar Year 2000

The Auditor of Public Accounts has completed the Hickman County Sheriff's audit for calendar year 2000. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects. We would like to commend the Hickman County Sheriff's Office for their excellent record keeping.

Financial Condition:

The Sheriff did not have any excess fees as of December 31, 2000. Revenues increased by \$34,852 from the prior year and disbursements increased by \$30,199.

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities or bonds.

Grants:

New in 2000, the Sheriff received Courthouse Security Salaries from the Commonwealth of Kentucky to provide for security officer's salaries at the new Annex Building. These funds are restricted and are not available for excess fees. During the current year, the Sheriff received \$24,544 and expended \$20,180 leaving a balance of \$4,364 as of December 31, 2000.

The Sheriff participates in the Kentucky Law Enforcement Foundation Program. During the current year, the Sheriff received and expended \$6,523 for this program.

The Sheriff has an on-going Community Oriented Policing Services Grants (COPS) (#95CFWX0068 - \$112,314). At January 1, 2000, the balance of the COPS Grant account was \$1,249. During the current year, the Sheriff received \$9,889 in receipts and expended \$9,540 leaving a balance of \$1,598 as of December 31, 2000.

Note Payable:

During 2000, the Sheriff borrowed \$7,500 from the County in order to start paying security officer's salaries prior to receiving any funds for Courthouse Security from the State. The balance owed to the County as of December 31, 2000 was \$7,500. However, the Sheriff has subsequently repaid \$5,000 during 2001; the balance owed to the County as of the audit date is \$2,500.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Greg Pruitt, Hickman County Judge/Executive
Honorable J. W. Moran, Hickman County Sheriff
Members of the Hickman County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Hickman County, Kentucky, for the year ended December 31, 2000. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 2000, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Greg Pruitt, County Judge/Executive
Honorable J. W. Moran, Hickman County Sheriff
Members of the Hickman County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated February 6, 2002, on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed –
February 6, 2002

HICKMAN COUNTY
J. W. MORAN, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2000

Receipts

Federal Grants (Note 5c.)	\$	8,633
State Grants (Note 5b.)		6,523
State Fees For Services:		
Finance and Administration Cabinet	\$	4,140
Courthouse Security (Note 5a.)		17,044
Conveying Convicts		495
		<hr/> 21,679
Circuit Court Clerk:		
Sheriff Security Service	\$	3,162
Fines and Fees Collected		1,481
		<hr/> 4,643
Fiscal Court		54,618
County Clerk - Delinquent Taxes		335
Commission On Taxes Collected		50,493
Fees Collected For Services:		
Auto Inspections	\$	2,040
Accident and Police Reports		66
Serving Papers		4,000
Advertising Fees		4,265
Conveying Mental Patients		412
Carrying Concealed Deadly Weapon Permits		2,370
Transporting Juveniles		180
		<hr/> 13,333
Other:		
Reimbursements		115
Interest Earned		789
Borrowed Money:		
State Advancement		<hr/> 12,695
Total Receipts	\$	173,856

HICKMAN COUNTY
J. W. MORAN, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
Calendar Year 2000
(Continued)

Disbursements

Operating Disbursements:

Personnel Services-

Deputies' Salaries	\$	14,084	
Community Oriented Policing Services		8,862	
Other Salaries		17,856	
Kentucky Law Enforcement Foundation		6,083	
Courthouse Security		16,565	\$ 63,450

Employee Benefits-

Employer's Share Social Security		1,945	
Employer's Share Retirement		2,630	4,575

Contracted Services-

Advertising		876	
Contracted Services		90	

Materials and Supplies-

Office Materials and Supplies		1,810	
Uniforms		2,280	

Auto Expense-

Maintenance and Repairs		829	
Mileage		16,309	

Other Charges-

Radio Expenses		542	
Dues		70	
Postage		1,306	
Telephone		4,312	
Carrying Concealed Deadly Weapon Permits		1,830	
Miscellaneous		458	

Debt Service:

State Advancement		12,695	43,407
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Total Disbursements			\$ 111,432
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Net Receipts			\$ 62,424
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Less:	\$	55,070	
Sheriff's Statutory Maximum		1,392	
Sheriff's Training Incentive			
Reserved for Courthouse Security Salaries (Note 5a.)		4,364	
Reserved for Community Oriented Policing Services (Note 5c.)		1,598	62,424

Excess Fees Due County for Calendar Year 2000			\$ 0
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The accompanying notes are an integral part of the financial statement.

HICKMAN COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2000.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent for the first six months of the year and the 7.17 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

HICKMAN COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2000
(Continued)

Note 2. Employee Retirement System (Continued)

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2000, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

Note 4. Note Payable

The Office of the Hickman County Sheriff is liable for an unsecured noninterest-bearing note payable to the Hickman County Fiscal Court in the amount of \$7,500. The purpose of the note was to allow the Sheriff to start paying salaries for the Annex security officers prior to receiving any funds from the State (See Note 5a). The terms of the payable are open. The Office of the Hickman County Sheriff is in compliance with the terms of the agreement as of December 31, 2000. As of December 31, 2000 the balance of the note payable was \$7,500; however as of the audit date the Sheriff owes \$2,500 on this note.

Note 5. Grants

The Hickman County Sheriff's Office has two state grants and a federal grant.

- A) A Courthouse Security Salaries Grant was established during the Annex construction project. This grant was provided to the Sheriff to hire security officers for the Annex Building. During the current year, the Sheriff received \$17,044 in State funds and borrowed \$7,500 from the Hickman County Fiscal Court (See Note 4), for a beginning balance of \$24,544. Also during the current year, the Sheriff expended \$20,180 leaving a balance of \$4,364 as of December 31, 2000. This balance is restricted for the named purpose and is not available for excess fees paid to the County.
- B) The Kentucky Law Enforcement Program Foundation Fund provides incentive training pay to qualifying deputies. During the current year, the Sheriff received \$6,523 in State funds and expended \$6,523.

HICKMAN COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2000
(Continued)

Note 5. Grants (Continued)

- C) The Community Oriented Policing Services Grant (COPS) provides funding for salaries and benefits for Sheriff deputies. The Hickman County Sheriff's Office was awarded a COPS #95-CF-WX-0068 grant in December 1997 and ends in May 2002 for an award amount of \$156,913. On April 17, 2001 the grant award was reduced to \$112,314 for the same number of years. The Sheriff has expended \$52,132 on this grant in prior years. During the current year, the Sheriff expended \$9,540 on the grant leaving an award balance of \$50,642 as of December 31, 2000.

At January 1, 2000 the beginning balance on this account was \$1,249. During the current year receipts of \$7,384 were received from the Department of Treasury, \$2,462 from local funds as required for matching and interest earned for the period was \$43. The Sheriff expended a total of \$9,540 from this account during the current year leaving a balance of \$1,598 at December 31, 2000. This balance is restricted for the named purpose and is not available for excess fees paid to the County.

Note 6. Drug Fund

During 2000, the Sheriff maintained a Drug Fund for the purpose of drug eradication and drug education. The balance at January 1, 2000 was \$4,126. Disbursements of \$205 were made from the drug account during the calendar year 2000. There were no receipts. The balance at December 31, 2000 was \$3,921.

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

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Members of the Hickman County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of receipts, disbursements, and excess fees of the Hickman County Sheriff for the year ended December 31, 2000, and have issued our report thereon dated February 6, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Hickman County Sheriff's financial statement for the year ended December 31, 2000, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Hickman County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
February 6, 2002

